

January 5, 2004

Martin B. Moore, City Administrator
City of Emmonak
P.O. Box 9
Emmonak, AK 99581

Re: City of Emmonak Washeteria – Past Due Invoices

Dear Mr. Moore:

The purpose of this letter is to document the positive movement towards resolving the disagreement between ASCG Incorporated and the City of Emmonak regarding the additional time and effort required by ASCG to complete the washeteria facility for the City of Emmonak.

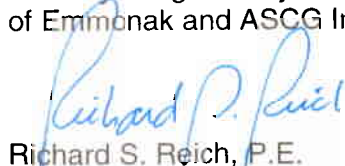
Bob Poe, Senior Vice President for ASCG Alaska Operations, and I enjoyed our phone conversation with you this afternoon. This represented the first time that we have communicated verbally since the disagreement between ASCG and the City of Emmonak erupted in November. As we discussed on the phone, it was unfortunate that our repeated attempts to contact you to resolve our disagreement escalated into a letter writing effort, followed by legal action on our part. However, now that we have both had an opportunity to voice our positions, it appears that we have taken a positive step forward toward resolving our disagreement.

Based on our phone conversation, you agreed to make an initial "good faith effort" toward resolving this disagreement by paying the following amounts:

- \$7,720.91 for materials, supplies, freight and equipment required to complete the washeteria construction,
- \$10,280.00 for Professional Management Services rendered on the Alaska Fish & Game Building Pad.

The remaining item in dispute is the \$48,826.01 for Professional Management Services rendered. Per our conversation, we agreed to discuss this issue when Jim Voigts returns from leave. Subsequently, we will plan to call you on January 16. In the interim, we will agree to stop any further legal action until we have exhausted efforts to resolve this disagreement through direct communications.

Thank you again for your efforts to reestablish the close working relationship between the City of Emmonak and ASCG Incorporated.



Richard S. Reich, P.E.
SVP Community Development Services

cc: Bob Poe, SVP Alaska Operations, ASCG
Jim Voigts, Associate VP, Construction Services Division, ASCG
Al Ewing, Chief of Staff, Denali Commission

